



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

STEVEN L. BESHEAR
GOVERNOR

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Dear Fellow State Employees:

During the global economic recession, state employees have been called upon to work harder while state government shrunk to its smallest size in decades. Many agencies have been dealt significant budget cuts, and the budget I proposed last night includes further cuts for some agencies so that we can make targeted investments in our future.

As you know, we have not been able to provide you with needed pay raises since 2010. I have taken a step in rectifying this by proposing a pay raise for all state employees. And, while I believe every state employee deserves a salary increment, I recognize that those who make the least among us have struggled the most. Therefore, my proposal provides tiered pay raises in Fiscal Year 2015, with the lowest earners receiving a five-percent increment, the highest earners receiving a one-percent increment, and tiered increments in between. In Fiscal Year 2016, all state employees would receive a one-percent salary increment. Please see the chart below for specific details.

FY 15		FY 16	
Increment	Salary	Increment	Salary
5% increment	Up to \$27,000	1% Increment	All employees, regardless of salary
3% increment	\$27,001-\$36,000		
2% increment	\$36,001-\$50,000		
1% increment	\$50,001 & up		

In addition, I am honoring the commitment we made in last year's pension reform bill and providing more than \$100 million each year for the full Actuarially Required Contribution (ARC) to the Kentucky Retirement Systems in my recommended budget. Funding the full ARC is a key component of putting the pension system back on sound fiscal footing, and I am determined to honor the commitments we have made.

Thank you again for all that you have done and continue to do for the Commonwealth.

Sincerely,

Steven L. Beshear

